

FORUM ON EDUCATION ABROAD
FINANCIAL REPORT
JUNE 30, 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Forum on Education Abroad
Carlisle, Pennsylvania

We have audited the accompanying statements of financial position of the Forum on Education Abroad as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Forum on Education Abroad, as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Carlisle, Pennsylvania
October 27, 2011

FORUM ON EDUCATION ABROAD

STATEMENTS OF FINANCIAL POSITION June 30, 2011 and 2010

	2011	2010
ASSETS		
Current Assets		
Cash	\$ 669,069	\$ 705,471
Accounts receivable	4,197	623
Prepaid expenses	10,500	438
Inventory	4,484	-
Total current assets	688,250	706,532
Investments	475,990	163,522
Total assets	\$ 1,164,240	\$ 870,054
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 10,292	\$ -
Accrued expenses	9,434	8,424
Deferred revenue	248,458	208,339
Total current liabilities	268,184	216,763
Net Assets		
Unrestricted		
Undesignated	381,493	479,309
Board designated - endowment	475,990	163,522
	857,483	642,831
Temporarily restricted	38,573	10,460
Total net assets	896,056	653,291
Total liabilities and net assets	\$ 1,164,240	\$ 870,054

See Notes to Financial Statements.

FORUM ON EDUCATION ABROAD

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2011 and 2010

	2011		
	Total	Unrestricted	Temporarily Restricted
Changes in Unrestricted Net Assets			
Revenue and Other Support			
Membership fees	\$ 414,530	\$ 414,530	\$ -
Conference income	700,172	700,172	-
Contributions	56,920	46,900	10,020
Grant revenue	20,000	-	20,000
Workshops and seminars	41,170	41,170	-
Other program income	15,750	15,750	-
Publication sales	5,297	5,297	-
Interest	2,626	2,626	-
Endowment income	2,149	2,149	-
Other income	151	151	-
Release of restricted revenues	-	1,907	(1,907)
Total revenue and other support	1,258,765	1,230,652	28,113
Expenses			
Program services			
Member Education and Resources	274,779	274,779	-
Conference	557,789	557,789	-
QUIP Review	31,062	31,062	-
	863,630	863,630	-
Management and general	160,875	160,875	-
Fundraising expenses	31,814	31,814	-
Total expenses	1,056,319	1,056,319	-
Other Income			
Unrealized holding gain on investments	40,319	40,319	-
Increase in net assets	242,765	214,652	28,113
Net Assets:			
Beginning	653,291	642,831	10,460
Ending	\$ 896,056	\$ 857,483	\$ 38,573

See Notes to Financial Statements.

2010		
Total	Unrestricted	Temporarily Restricted
\$ 389,069	\$ 389,069	\$ -
486,457	486,457	-
46,900	46,900	-
20,000	-	20,000
8,495	8,495	-
2,900	2,900	-
4,042	4,042	-
4,136	4,136	-
702	702	-
150	150	-
-	9,540	(9,540)
962,851	952,391	10,460
188,200	188,200	-
411,202	411,202	-
26,029	26,029	-
625,431	625,431	-
129,073	129,073	-
25,859	25,859	-
780,363	780,363	-
5,591	5,591	-
188,079	177,619	10,460
465,212	465,212	-
\$ 653,291	\$ 642,831	\$ 10,460

FORUM ON EDUCATION ABROAD

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2011

	2011					Total
	Program Services					
	Member Education and Resources	Conference	QUIP Review	Management and General	Fundraising	
Management expense	\$ 199,002	\$ 83,248	\$ 19,381	\$ 73,566	\$ 30,419	\$ 405,616
Conference event expense	-	447,445	-	-	-	447,445
Office expense/supplies	625	265	57	208	-	1,155
Legal and professional fees	-	-	-	7,175	-	7,175
License and permits	27	11	2	-	-	40
Postage and delivery	7,130	3,025	648	2,371	-	13,174
Scholarship donations	10,000	-	-	-	-	10,000
Bank service charges	-	-	-	451	-	451
BEVI expense	-	-	-	-	-	-
Credit card charges	-	-	-	43,534	-	43,534
QUIP expense	-	-	5,875	-	-	5,875
Grant expenses	1,907	-	-	-	-	1,907
Webinar expense	148	63	14	-	-	225
Professional development	-	-	-	-	-	-
Contributed services	15,399	6,533	1,400	22,173	1,395	46,900
Miscellaneous expense	114	48	10	-	-	172
Telephone	2,164	918	197	-	-	3,279
Advertising	-	-	-	-	-	-
Auto and travel expense	18,547	7,869	1,686	-	-	28,102
Meeting expense	-	-	-	4,510	-	4,510
Meals and entertainment	-	-	-	5,366	-	5,366
Repairs and maintenance	-	-	-	1,521	-	1,521
Dues and subscriptions	-	-	-	-	-	-
Printing and reproduction	19,716	8,364	1,792	-	-	29,872
	\$ 274,779	\$ 557,789	\$ 31,062	\$ 160,875	\$ 31,814	\$ 1,056,319

See Notes to Financial Statements.

FORUM ON EDUCATION ABROAD

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2010

	2010					
	Program Services					
	Member Education and Resources	Conference	QUIP Review	Management and General	Fundraising	Total
Management expense	\$ 114,570	\$ 64,255	\$ 17,145	\$ 62,834	\$ 24,265	\$ 283,069
Conference event expense	-	321,862	-	-	-	321,862
Office expense/supplies	678	386	105	292	-	1,461
Legal and professional fees	-	-	-	7,061	-	7,061
License and permits	67	38	10	-	-	115
Postage and delivery	2,520	1,434	391	1,086	-	5,431
Scholarship donations	15,000	-	-	-	-	15,000
Bank service charges	-	-	-	303	-	303
BEVI expense	5,000	-	-	-	-	5,000
Credit card charges	-	-	-	17,703	-	17,703
QUIP expense	-	-	2,043	-	-	2,043
Grant expenses	9,540	-	-	-	-	9,540
Webinar expense	321	183	50	-	-	554
Professional development	-	-	-	9,250	-	9,250
Contributed services	12,981	7,386	2,014	22,925	1,594	46,900
Miscellaneous expense	68	39	11	-	-	118
Telephone	1,146	652	178	-	-	1,975
Advertising	516	294	80	-	-	890
Auto and travel expense	9,572	5,446	1,485	-	-	16,503
Meeting expense	-	-	-	235	-	235
Meals and entertainment	-	-	-	5,701	-	5,701
Repairs and maintenance	-	-	-	1,683	-	1,683
Dues and subscriptions	212	120	33	-	-	365
Printing and reproduction	16,009	9,108	2,484	-	-	27,601
	<u>\$ 188,200</u>	<u>\$ 411,202</u>	<u>\$ 26,029</u>	<u>\$ 129,073</u>	<u>\$ 25,859</u>	<u>\$ 780,363</u>

See Notes to Financial Statements.

FORUM ON EDUCATION ABROAD

STATEMENTS OF CASH FLOWS Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows From Operating Activities		
Increase in net assets	\$ 242,765	188,079
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Unrealized holding gain on investments	(40,319)	(5,591)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(3,574)	5,034
Prepaid expenses	(10,062)	1,330
Inventory	(4,484)	-
Increase in:		
Accounts payable	10,292	-
Accrued expenses	1,010	1,522
Deferred revenue	40,119	48,430
Net cash provided by operating activities	235,747	238,804
Cash Flows From Investing Activities		
Purchase of investments	(272,149)	(80,702)
Net increase (decrease) in cash	(36,402)	158,102
Cash:		
Beginning	705,471	547,369
Ending	\$ 669,069	\$ 705,471

See Notes to Financial Statements.

FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies

Nature of Activity: The Forum on Education Abroad is a non-profit organization. The Forum promotes high quality and effective programming through advocating standards of good practice, and by promoting excellence in curricular development and academic design. The Forum encourages outcomes assessment and other research through data collection and advocating for Education Abroad at all levels with a focus on college campuses. The Forum was founded in July 2001, by a group of leading practitioners in the field. Its members are educational institutions, consortia, agencies, organizations and individuals that provide, direct or manage educational opportunities in the field of Education Abroad.

Basis of Accounting: The Forum on Education Abroad prepares its financial statements on the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses, including functional allocations during the reporting period. Actual results could differ from those estimates.

Restricted and Unrestricted Revenue and Support: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

In-kind contributions are recorded as support at their estimated fair value at the date of donation. The Organization reports in-kind donations as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Accounts Receivable: Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a regular basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

Investments and Fair Value: Investments are reported at fair value with gains and losses included in the Statement of Activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Functional Expenses: Expenses directly related to a function are charged to that function. Expenses not directly related to a function are allocated by management to the various functions on a reasonable basis.

Income Taxes: The Organization has received exemption from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code.

Management has assessed the Organization's exposure to income taxes at the entity level as a result of uncertain tax positions taken in current and previously filed tax returns. Examples of tax positions taken at the entity level include the continuing validity of its exempt organization status, potential filing requirement for unrelated business income and other tax positions that could result in income tax liabilities to the Organization upon examination by taxing authorities. Presently, management believes that it is more likely than not its tax position will be sustained upon examination, including any appeals and litigation, such that the Organization has no exposure to income tax liabilities from uncertain tax positions. The Organization is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ended June 30, 2008 through 2011.

Subsequent Events: Subsequent events have been evaluated for potential recognition or disclosure through October 27, 2011, the date the financial statements were available to be issued.

Note 2. Concentration of Credit Risk

Cash balances of the Organization are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization had uninsured cash balances of \$107,594 at June 30, 2011.

FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

Note 3. Deferred Revenue

Deferred revenue consists of membership dues, conference sponsorship fees, and other program revenues collected as of June 30, for the next fiscal year. Deferred revenue consists of the following as of June 30:

	2011	2010
Membership dues	\$ 206,018	\$ 183,090
Conference fees	42,440	25,249
	<u>\$ 248,458</u>	<u>\$ 208,339</u>

Note 4. Management Services

The Forum has contracted with Dickinson College to provide management, development, and program services. As part of the contract, the President of the Forum is employed by Dickinson College and is appointed by the Board of Directors of the Forum. The payment for these services for the fiscal years ended June 30, 2011 and 2010, was \$405,616 and \$283,070, respectively.

Note 5. Donated Goods and Services

Dickinson College provides the Forum with program and administrative services and other contributed goods and services. The value of the donated goods and services included in the financial statements and corresponding expenditures for the years ended June 30, 2011 and 2010, are as follows:

	2011	2010
Contributions		
Donated facility	\$ 15,600	\$ 15,600
Donated services	30,100	30,100
Donated supplies	1,200	1,200
	<u>\$ 46,900</u>	<u>\$ 46,900</u>
Expenses		
Program	\$ 23,332	\$ 22,381
Management and general	22,173	22,925
Fundraising	1,395	1,594
	<u>\$ 46,900</u>	<u>\$ 46,900</u>

FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

Note 6. Board Designated - Endowment Fund

The Forum has invested in the Dickinson College Endowment Fund for the purpose of enhancing the growth of its operating account, with the intent that income distributions from the Board Designated Endowment Fund will provide support for the organization's programming. At June 30, 2011, the investment is carried at a fair value of \$475,990. An unrealized gain of \$40,319 is included in the Statements of Activities. The net assets of the Endowment Fund are classified as unrestricted.

Interpretation of Relevant Law

FASB Staff Position No. 117-1, Endowments of Not-for-Profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act [UPMIFA] and Enhanced Disclosures for all Endowment Funds, primarily provides guidance on accounting for donor restricted endowment funds subject to UPMIFA. The state of Pennsylvania has not adopted UPMIFA. Nonprofit corporations in Pennsylvania follow Act 141. Under Act 141, a nonprofit corporation can elect to adopt and follow a "total return" investment policy, i.e., a policy to seek the best total return on the principal whether from capital appreciation, earnings or both. Pennsylvania law permits the Board of Directors to make an election to annually appropriate for expenditure a selected percentage between 2% and 7% of the fair value of the assets related to donor-restricted endowment funds averaged over a period of three or more preceding years, provided the Board has determined that such percentage is consistent with the long-term preservation of the real value of such assets.

Return Objective and Risk Parameters

The Forum has adopted investment and spending policies of the Dickinson College Endowment Fund that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy the endowment assets are invested in a manner that is intended to produce results that exceed the endowment spending rate plus inflation, defined as the Consumer Price Index plus 1%, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Forum relies on a total return strategy of the Dickinson College Endowment Fund in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Dickinson College Endowment Fund targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

Note 6. Board Designated - Endowment Fund (Continued)

Spending Policy

If the Forum requests it, an annual distribution from the Board Designated Endowment Fund will be made when the Fund's book value equals or exceeds \$100,000. At such time, the spendable amount will be that percentage of the total Fund which the Dickinson College Endowment Fund would consider available for spending from the overall Dickinson College Endowment Fund under the spending policies then in effect. Any portion of the spendable amount not distributed in any year shall be added to the principal of the Forum's Board Designated Endowment Fund. The Forum may decide to withdraw a portion of or the entire amount of the Fund from the Dickinson College Endowment Fund, in which case such amount will be deposited in the Forum operating account. The Forum President or Chair of the Board may authorize a withdrawal. Should the Forum withdraw its investment from the Fund, regardless of when such withdrawal occurs, the market value of the investment will be calculated as of the end of the previous month.

Changes in the unrestricted board designated - endowment for the years ended June 30, 2011 and 2010, are as follows:

	2011	2010
Endowment Fund, at beginning of year	\$ 163,522	\$ 77,229
Transfers	270,000	80,000
Investment Returns		
Investment income	2,149	702
Unrealized gain	40,319	5,591
	<u>42,468</u>	<u>6,293</u>
Endowment Fund, at end of year	<u>\$ 475,990</u>	<u>\$ 163,522</u>

FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

Note 7. Fair Value Measurements (FAS 157)

Financial Accounting Standards Board ASC 820, *Fair Value Measurements and Disclosures* establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that is observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The assets that are recorded at fair value on a recurring basis consist of the investment in the Dickinson College Endowment Fund (DCEF). The fair value of the DCEF is derived from unitizing the fair value of the underlying investments owned by the fund. The unitized fair value is supplied to the Forum by the DCEF fund manager on a monthly basis. Inputs to the valuation methodology that are significant to the fair value measurement are unobservable and thus deemed to be Level 3 inputs.

The table below sets forth a summary of changes in the fair value of the Forum's investment in the Dickinson College Endowment Fund (Level 3 assets) for the years ended June 30, 2011 and 2010.

	2011	2010
Balance, beginning of year	\$ 163,522	\$ 77,229
Purchases, sales, issuances and settlements (net)	272,149	80,702
Unrealized gains	40,319	5,591
Balance, end of year	<u>\$ 475,990</u>	<u>\$ 163,522</u>

FORUM ON EDUCATION ABROAD

NOTES TO FINANCIAL STATEMENTS

Note 8. Temporarily Restricted Net Assets

The Forum has the following temporarily restricted net assets as of June 30:

	2011	2010
Institute of International Education, Inc., Open Doors Project	\$ 28,553	\$ 10,460
Ron Koehn Conference Grant Award	10,020	-
	<u>\$ 38,573</u>	<u>\$ 10,460</u>

The Institute of International Education, Inc., Open Doors Project is to help develop a standardized methodology for assessing and expanding study abroad capacity on a pilot basis in three countries. The program has been extended through November 2011.

The Ron Koehn Conference Grant Award will be given to faculty members or education abroad colleagues who have been especially effective in contributing to innovations in education abroad program design. Award winners receive a stipend that will help to underwrite the costs of their attendance at the Forum's Annual Conference.